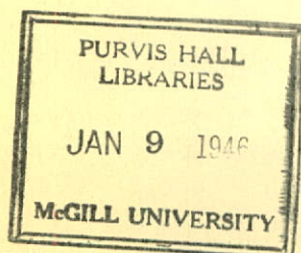


**CANADIAN
GENERAL ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1940**



PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,
Toronto

March 4, 1941.

To the Shareholders,

Canadian General Electric Company, Limited.

We have examined the Balance Sheet of the Canadian General Electric Company, Limited, as at December 31, 1940, and the statement of Income and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate.

The cash and bank balances have been confirmed by count or by certificates from the depositories.

The marketable and other securities were inspected or confirmed by acknowledgments from the custodians.

We have scrutinized the accounts and notes receivable and believe that full provision has been made for possible losses through doubtful debts. Requests for confirmation of accounts receivable were mailed to a number of debtors, selected by us, and notifications of exceptions were explained to our satisfaction.

Certified inventories of merchandise, work in progress and materials and supplies have been submitted to us. We have satisfied ourselves that these inventories have been taken in a careful manner, that ample allowance has been made for inactive and obsolete stocks and that they are conservatively stated at an amount not exceeding the lower of cost or market value, less reserves. We reviewed the plan and system of control adopted for inventory purposes and observed the taking of the inventory with respect to certain items selected by us, thereby satisfying ourselves that the methods of taking and recording the quantities were carried out effectively.

Expenditures charged to the property, plant and equipment accounts during the year, in our opinion, were properly capitalized as representing additions or improvements. The provision for depreciation for the year appears to be adequate.

All ascertained liabilities have been included in the accounts.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary Companies for 1940 are included in income from investments in the attached income statement only to the extent of dividends received; such dividends were not in excess of the Company's share of the aggregate of the profits of all subsidiaries.

We report that, in our opinion, based upon such examination, the accompanying Balance Sheet and related statement of Income and Earned Surplus are properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the Company's affairs as at December 31, 1940, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO..
Auditors,

STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1940

Income from operations, before deductions.....	\$5,370,598.01	
Income from investments.....	761,530.81	
Profit from securities sold.....	200,437.50	
		\$6,332,566.32

Depreciation.....	\$ 823,454.03	
Salaries of officials and legal expenses.....	182,852.86	
Directors' fees.....	13,335.00	
		1,019,641.89

Net income for the year before providing for income and excess profits taxes.....	\$5,312,924.43	
Provision for income and excess profits taxes	3,004,905.38	
Net income for the year.....		\$2,308,019.05

Earned surplus as at January 1, 1940.....	8,955,126.67	
Earned surplus available for dividends.....	\$11,263,145.72	

Dividends on preferred stock... \$	96,875.00	
Dividends on common stock... 1,510,760.00		
		1,607,635.00
Earned surplus as at December 31, 1940.....	\$9,655,510.72	

CANADIAN GENERAL ELE
BALANCE SHEET,

ASSETS

Current assets:

Cash on hand, in Banks and on deposit with Trust Company.....	\$ 3,900,954.68
Government bonds..... (Market value \$8,970,437.50)	8,531,437.50
Accounts and notes receivable, less reserves	5,191,296.40
Inventories at not exceeding the lower of cost or market value, as determined and certified to by the management, less reserves.....	9,908,481.36
	<u>\$27,532,169.94</u>
Less: Advance collections on contracts..	4,689,324.73
Total current assets.....	<u>\$22,842,845.21</u>

Other assets:

Investment securities, less reserves..... (Market value \$3,670,126.00)	\$ 3,432,497.39
Securities of subsidiary companies.....	427,713.81
Employees' savings plan.....	72,398.18
Prepaid expenses.....	23,834.09
Total other assets.....	<u>\$ 3,956,443.47</u>

Fixed assets:

Manufacturing plant including land, buildings and machinery; head office and branch office properties; at cost...	\$17,378,647.93
Less: Depreciation reserves.....	9,502,114.25
	<u>\$ 7,876,533.68</u>
Patents and franchise.....	1.00
Total fixed assets.....	<u>\$ 7,876,534.68</u>
	<u><u>\$34,675,823.36</u></u>

A. E. DYMENT, Chairman of the Board.
D. C. DURLAND, President.

CTRIG COMPANY, LIMITED

DECEMBER 31, 1940

LIABILITIES AND CAPITAL

Current liabilities:

Accounts payable.....	\$ 1,933,285.11
Taxes payable, including provision for income and excess profits taxes.....	3,452,226.44
Sundry accrued charges.....	928,660.53
Dividend declared on preferred stock.....	24,375.00
Dividend declared on common stock.....	377,690.00

Total current liabilities.....	<u>\$ 6,716,237.08</u>
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General reserve.....	<u>\$ 6,761,825.56</u>
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Capital stock:

Special Employees' Preferred:

Authorized—50,000 shares, par value
\$50.00 each (callable at par).

Issued—42,000 shares.....	\$ 2,100,000.00
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Common:

Authorized and issued—188,845 shares, par value \$50.00 each.....	9,442,250.00
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Total capital stock.....	<u>\$11,542,250.00</u>
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Earned surplus as at December 31, 1940.....	\$ 9,655,510.72
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	<u><u>\$34,675,823.36</u></u>
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The auditors' report to the Shareholders appears on
the first page.

ANNUAL REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS OF
CANADIAN GENERAL ELECTRIC COMPANY, LIMITED

TORONTO, CANADA

MARCH 10, 1941

The Directors submit herewith the Balance Sheet of your Company as of December 31, 1940, and Statement of Income and Earned Surplus, certified by the Company's Auditors, Peat, Marwick, Mitchell & Co., Chartered Accountants.

The volume of orders received and sales billed in 1940 was the largest in the history of the Company. Electrical equipment was in great demand due to the expansion of Canadian industries to meet war requirements, and in the present national emergency the Company is co-operating with the Dominion Government on important work for which its engineering and manufacturing facilities are adapted.

Net profits for the year, after deduction of all charges, including depreciation and income taxes, amounted to \$2,308,019.05, as compared with \$2,150,026.59, an increase of \$157,992.46. Income taxes in 1940 totaled \$3,004,905.38 against \$412,259.58 in the previous year, an increase of \$2,592,645.80, which accounts for the small increase in net profits.

Dividends on the special employees' preferred stock, at the rate of 5% per annum, amounted to \$96,875.00. Dividends on the common stock totaled \$1,510,760.00, being \$8.00 per share. Dividends for the year aggregated \$1,607,635.00, and the sum of \$700,384.05 was added to earned surplus, making the balance in that account \$9,655,510.72 at December 31, 1940.

Current assets amounted to \$22,842,845.21, an increase of \$5,263,645.58, while current liabilities totaled \$6,716,237.08, an increase of \$4,372,770.89. The excess of current assets over current liabilities, or working capital, amounted to \$16,126,608.13, an increase of \$890,874.69.

The Company has no funded debt, notes payable, or other interest bearing obligations of any kind.

Cash on hand, in Banks and on deposit with Trust Company amounted to \$3,900,954.68, an increase of \$1,789,548.84. Government bonds totaled \$8,531,437.50, an increase of \$849,937.50, and investments other than Government bonds amounted to \$3,432,497.39, an increase of \$13,915.19. These items aggregated \$15,864,889.57 as compared with \$13,211,488.04 at December 31, 1939, an increase of \$2,653,401.53.

Government bonds are carried in the Balance Sheet at the lower of par or market value, and other investment securities are carried at values not exceeding either cost or market. Securities of subsidiary companies are conservatively valued at \$427,713.81, and the dividends received during the year are included in income from investments.

Accounts and notes receivable amounted to \$5,191,296.40, an increase of \$2,097,184.79, and adequate reserves are provided for possible losses. Inventories of \$9,908,481.36 show an increase of \$3,877,548.97, resulting from the larger volume of orders received. In accordance with the established practice of the Company, inventories are valued at an amount not exceeding the lower of cost or market value, and appropriate reserves have been provided for obsolescence and shrinkage in value.

The Company's manufacturing plants and other properties have been maintained in excellent condition. During the year expenditures for additions and replacements amounted to \$987,303.00 and depreciation for the year was \$823,454.03.

During 1940 an amount of \$215,000.00 was paid into the Canadian General Electric Pension Trust, making a total of \$1,190,000.00 paid into this Trust. Pension payments in 1940 amounted to \$64,328.11, and the total disbursement since the inception of the plan has been \$570,630.10.

An additional 4,000 shares of special employees' 5% preferred stock were issued, making the total issued

capital stock at December 31, 1940, \$11,542,250.00, an increase of \$200,000.00. This additional issue was made to provide for subscriptions under the 1940 Employees' Savings and Investment Plan. Employees' holdings on December 31, 1940, amounted to 41,983 shares, having a par value of \$2,099,150.00. During the fourteen years the plan has been in operation the employees have received \$1,167,477.64 in dividends and extra payments. An extra payment, equal to $1\frac{3}{4}\%$ of the par value of the shares held under the plan, was made for the year 1939.

The Company's employees have been afforded facilities for purchasing the Government's War Savings Certificates by regular payroll deductions, and they have subscribed very liberally.

The Company has continued its other employees' benefit plans, including group life insurance and vacations with pay to hourly rated employees and piece workers as well as to the salaried staff.

Philip D. Reed, Chairman of the Board of the General Electric Company, was elected a Director of this Company on April 18, 1940. On January 30, 1941, H. M. Turner and J. C. Macfarlane, K.C., were appointed Vice-Presidents of the Company.

J. J. Ashworth, who has been associated with the Company since its organization in 1892 and served in the capacity of General Manager for the past twenty years, retired on January 1, 1941, under the provisions of the Company's pension plan.

The Board of Directors and Officers take pleasure in again expressing their appreciation of the loyal and co-operative services rendered by the employees of the Company.

By order of the Board of Directors.

A. E. DYMENT, Chairman
D. C. DURLAND, President

EXECUTIVE OFFICERS

MARCH 10, 1941

A. E. DYMENT, Chairman of the Board

D. C. DURLAND, President

Vice-Presidents

STEPHEN HAAS

H. M. TURNER

J. C. MACFARLANE, K.C.

Comptroller

Treasurer

Secretary

C. E. HIPP

E. I. JENKING

W. H. NESBITT

BOARD OF DIRECTORS

A. E. DYMENT, CHAIRMAN OF THE BOARD.

VICE-PRESIDENT, ROYAL BANK OF CANADA.

DIRECTOR, CANADA & DOMINION SUGAR COMPANY, LIMITED.

D. C. DURLAND, PRESIDENT.

STEPHEN HAAS, VICE-PRESIDENT.

CHAIRMAN, GEO. H. HEES, SON & COMPANY, LIMITED.

DIRECTOR, ROYAL BANK OF CANADA.

J. J. ASHWORTH.

H. C. COX.

DIRECTOR, CANADA LIFE ASSURANCE COMPANY.

DIRECTOR, CANADIAN BANK OF COMMERCE.

SIR HERBERT HOLT.

CHAIRMAN, MONTREAL LIGHT, HEAT & POWER CONSOLIDATED.

CHAIRMAN, ROYAL BANK OF CANADA.

HON. F. B. McCURDY.

PRESIDENT, EASTERN TRUST COMPANY.

DIRECTOR, BANK OF NOVA SCOTIA.

R. S. McLAUGHLIN.

PRESIDENT, GENERAL MOTORS OF CANADA, LIMITED.

VICE-PRESIDENT, DOMINION BANK.

PHILIP D. REED.

CHAIRMAN, GENERAL ELECTRIC COMPANY.

DIRECTOR, BANKERS TRUST COMPANY.

HON. W. D. ROSS.

VICE-PRESIDENT, BANK OF NOVA SCOTIA.

DIRECTOR, INTERNATIONAL POWER COMPANY.

G. HARRISON SMITH.

PRESIDENT, IMPERIAL OIL LIMITED.

DIRECTOR, ROYAL BANK OF CANADA.

A. M. STEWART, K.C.

CANADIAN GENERAL ELECTRIC COMPANY LIMITED

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.	FORT WILLIAM, ONT.
SYDNEY, N.S.	WINNIPEG, MAN.
ST. JOHN, N.B.	REGINA, SASK.
QUEBEC, QUE.	SASKATOON, SASK.
MONTREAL, QUE.	CALGARY, ALTA.
SHERBROOKE, QUE.	EDMONTON, ALTA.
OTTAWA, ONT.	LETHBRIDGE, ALTA.
HAMILTON, ONT.	TRAIL, B.C.
LONDON, ONT.	NELSON, B.C.
WINDSOR, ONT.	KELOWNA, B.C.
NEW LISKEARD, ONT.	VANCOUVER, B.C.
SUDBURY, ONT.	VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS	PETERBOROUGH, ONT.
DAVENPORT WORKS	TORONTO, ONT.
WARD STREET WORKS	TORONTO, ONT.
EDISON MAZDA LAMP WORKS	TORONTO, ONT.
VACUUM TUBE WORKS	TORONTO, ONT.
ARCHITECTURAL BRONZE & IRON WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

